

THREE RIVERS SCHOOL DISTRICT
Josephine County, Oregon

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020
WITH
INDEPENDENT AUDITOR'S REPORT**



Certified Public Accountants, LLP
audit | tax | advisory | wealth management | cfo

THREE RIVERS SCHOOL DISTRICT

Josephine County, Oregon

June 30, 2020

BOARD OF EDUCATION AS OF JUNE 30, 2020

Rich Halsted	Chairperson
Jennifer Johnstun	Vice Chairperson
Kate Dwyer	Member
Danny York	Member
Paul Kelly	Member

ADMINISTRATION

P.O. Box 160
Murphy, Oregon 97533

Dave Valenzuela	Superintendent-Clerk
Lisa Cross	Accounting Manager

THREE RIVERS SCHOOL DISTRICT

Josephine County, Oregon

June 30, 2020

Table of Contents

	Page
Independent Auditor's Report	A1 – A3
Management's Discussion and Analysis	B1 – B6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Fund	7
Statement of Changes in Net Position – Proprietary Fund	8
Statement of Cash Flows – Proprietary Fund	9
Statement of Net Position – Fiduciary Fund	10
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	11
Notes to the Basic Financial Statements	12 - 45
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	46
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	47
Schedule of the District's Proportionate Share of the Net Pension (Liability)/Asset and Schedule of the District's Pension Contributions	48
Schedule of the District's Proportionate Share of the Net OPEB (RHIA) (Liability)/Asset and Schedule of the District's Pension Contributions	49
Schedule of Changes in the District's Net Pension Liability and Related Ratios- Early Retirement Program	50
Schedule of Changes in the District's Total Other Post Employment Benefit Liability and Related Ratios	51
Other Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Self-Insurance Fund	54
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Private Purpose Trust Scholarship Fund	55

Table of Contents (Continued)

Other Financial Schedules:

School District Financial Accounting Summaries	56 - 63
--	---------

Independent Auditor's Report Required by State Regulations	64 - 65
---	----------------

Items Required by the Uniform Guidance for Federal Awards Programs:

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66 - 67
--	---------

Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance required by the Uniform Guidance	68 - 69
---	---------

Schedule of Expenditures of Federal Awards	70 - 71
--	---------

Schedule of Findings and Questioned Costs	72
---	----

INDEPENDENT AUDITOR'S REPORT

Board of Education
Three Rivers School District
Murphy, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Three Rivers School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, certain pension schedules (OPERS and RHIA), the schedule of changes in the net pension liability and related ratios (stipend), the schedule of changes in the District's total OPEB liability and related ratios, and the general fund and major special revenue governmental funds budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to management's discussion and analysis, certain pension schedules (OPERS and RHIA), the schedule of changes in the net pension liability and related ratios (stipend), and the schedule of changes in the District's total OPEB liability and related ratios in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, certain pension schedules (OPERS and RHIA), the schedule of changes in the net pension liability and related ratios (stipend), and the schedule of changes in the District's total OPEB liability and related ratios because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund and Special Revenue Fund budgetary comparison information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund and Special Revenue Fund budgetary comparison information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information and other financial schedules listed in the Table of Contents are presented for purposes of additional analysis and are not required as part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, other financial schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from, and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the other supplementary information, other financial schedules, and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards and Oregon State Regulations

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

In accordance with Oregon State Regulation, we have also issued our report dated December 21, 2020 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 21, 2020

THREE RIVERS/JOSEPHINE COUNTY UNIT JOINT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS 30 JUNE 20

The discussion and analysis of Three Rivers School District's financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2020. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- In the government-wide statements, the assets and deferred outflows of resources of the District did not exceed its liabilities and deferred inflows of resources at June 30, 2020 by \$23.1 million (net position), a reduction of \$.5 million from the prior year's net position. The net decrease is due in part to a reduction of capital assets (net of depreciation), a decrease of debt payable, and an increase in net pension liability.
- In the General Fund, the primary operating fund for the District, the fund balance increased \$1.9 million from the prior year. This was due primarily to additional State School Funding received. Of that balance, \$2.8 million was unrestricted fund balance (the total of the committed and unassigned components of fund balance), \$2.0 million in assigned fund balance and \$0.066 million in nonspendable fund balance, totaling 8.9% of General Fund revenue.
- Total cost of all the District's governmental programs remained relatively the same at \$69.8 million for the fiscal year.
- The Special Revenue fund balance increased \$86,003, a result of decreased expenditures.
- The District paid down its bond debt from \$26.6 million to \$22.5 million. More information on long-term debt may be found in Note 6 of the financial statements.
- Capital assets decreased by \$1.1 million from \$31.4 million to \$30.3 million as the District continues to depreciate assets at a faster rate than new capital investment.

Overview of the Financial Statements

The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. In addition to the basic financial statements, we provide supplementary information that you may also find useful.

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances using the accrual basis of accounting, in a manner similar to a private-sector business. These statements include:

The ***Statement of Net Position***, which presents information on all of the assets and liabilities of the District at year-end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The ***Statement of Activities***, which presents information showing how the net position of the District changed over the year, by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Overview of the Financial Statements - continued

In the government-wide financial statements, the District's activities are shown in one category, *Governmental Activities*. Most of the District's functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

Fund Financial Statements - The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives (like the Food Service Fund) or to show that it is meeting legal responsibilities for using certain grants (like Title I and other federal, state, or locally funded grants). All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual, which measures cash and all other *financial assets* that can be readily converted to cash. The governmental fund statements provide a detailed, *short-term view* of the District's operations and the services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* are reconciled in the financial statements.

The District maintains many individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Revenue, Capital Projects Fund, and Debt Service Fund, all of which are considered to be major funds.

Proprietary Funds is used to accumulate and allocate costs internally among the District's various functions. The District also uses its internal service fund for self-insurance purposes, primarily for employees' unemployment benefits, deductibles on insurance, and for the costs of vandalism.

Fiduciary Funds are used to account for resources held for the benefit of parties by the District in a trustee capacity. These funds include student scholarships and foundation funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the District's major governmental funds.

Government-Wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of the District's financial position; as of June 30, 2020, the District's liabilities and deferred inflows exceeded its assets and deferred outflows by \$23.1 million, an increase of approximately \$.5 million from Fiscal year 2019.

Government-Wide Financial Analysis (continued)

About 53.7% of the District's total assets and net deferred outflows signify its investment in capital assets, which consist of the District's land, buildings and improvements, equipment, and vehicles and total \$30.3 million. The remaining assets consist mainly of cash and receivables. Net deferred outflows are \$13.9 million, down \$.4 million from last year as part of GASB 68, 73, 75 pension accounting reflecting the increased future outflow needed to fund the District portion of the growing PERS unfunded pension liability.

The District's \$73.8 million in liabilities are primarily made up of \$22.5 million in long-term debt, \$40.8 million for the District's proportionate share of the State of Oregon's Public Employee Retirement System (PERS) unfunded pension liability and \$9.2 million in Other Post Employment Benefits Other Than Pension (OPEB).

The majority of the District's net position is investments in capital assets (such as land, buildings, vehicles, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students and other District residents, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities						Increase (Decrease):
Assets	2016	2017	2018	2019	2020	2019 to 2020
Current and other assets	12,401,136	11,000,368	11,782,491	10,267,199	12,271,755	2,004,556
Capital assets	37,208,662	35,018,159	33,448,428	31,426,577	30,339,760	(1,086,817)
Deferred outflows related to pension	9,423,883	19,081,983	12,182,848	14,329,117	13,896,926	(432,191)
Total assets and deferred outflows	59,033,681	65,100,510	57,413,767	56,022,893	56,508,441	485,548
Liabilities						
Current liabilities	2,555,308	761,421	1,696,486	868,574	5,722,354	4,853,780
Long term liabilities	61,398,092	81,170,760	73,844,984	73,009,640	68,090,379	(4,919,261)
Deferred inflows related to pension	9,300,629	368,605	1,086,903	4,691,869	5,758,182	1,066,313
Total Liabilities and deferred inflows	73,254,029	82,300,786	76,628,373	78,570,083	79,570,915	1,000,832
Net Assets						
Invested in capital assets, net of debt	24,880,635	24,574,253	24,838,834	25,290,866	26,594,905	1,304,039
Restricted	1,919,927	2,044,681	2,273,732	1,978,495	2,808,709	830,214
Unrestricted	(41,020,908)	(43,819,210)	(46,327,172)	(49,816,551)	(52,466,088)	(2,649,537)
Total Net Assets	(14,220,346)	(17,200,276)	(19,214,606)	(22,547,190)	(23,062,474)	(515,284)

Financial Analysis of the District's Funds

The significance of the District's governmental funds is that they provide information about short-term cash flow and funding for future basic services. This information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

Financial Analysis of the District's Funds (continued)

At June 30, 2020, the District's governmental funds reported combined ending fund balances of \$8.3 million (page 3). The General Fund accounts for \$4.82 million, the Special Revenue Fund accounts for \$1.36 million, Debt Service Fund account for \$.62 million and Capital Projects Fund for \$1.51 million.

Governmental Funds Balance Sheet 2015 through 2020						
	2015	2016	2017	2018	2019	2020
Assets						
Equity in cash and investments	7,852,400	7,283,400	5,574,867	5,847,832	3,631,464	4,743,832
Taxes receivable	1,657,608	1,608,392	1,601,440	1,661,061	1,637,843	1,592,058
Other receivables	1,490,825	2,222,032	2,449,791	2,827,809	3,439,850	4,320,291
Prepaid expenses	609,067	124,512	117,972	128,366	109,905	66,140
Interfund receivable	-	-	-	-	814,364	460,388
Total assets	11,609,900	11,238,336	9,744,070	10,465,068	9,633,426	11,182,709
Liabilities						
Accounts Payable	618,083	452,521	374,147	1,260,622	482,772	689,956
Accrued Payroll	1,013,155	1,939,098	228,792	279,405	222,169	364,185
Unavailable Revenues	1,463,778	1,369,986	1,422,352	1,422,599	1,378,683	1,361,405
Interfund payable	-	-	-	-	814,364	460,388
Total Liabilities	3,095,016	3,761,605	2,025,291	2,962,626	2,897,988	2,875,934
Fund Balances						
Non-Spendable	652,449	124,512	117,972	128,366	109,905	66,140
Restricted Balances	2,311,950	1,735,938	1,862,380	2,087,396	1,804,590	2,645,326
Committed Balance	1,128,222	1,004,902	880,523	780,932	796,057	309,301
Assigned Balances	2,364,249	2,887,360	2,749,344	2,440,549	2,748,025	2,990,612
Unassigned Balances	2,058,012	1,724,019	2,108,560	2,065,199	1,276,861	2,295,396
Total Fund Balance	8,514,882	7,476,731	7,718,779	7,502,442	6,735,438	8,306,775

General Fund - The General Fund is the primary operating fund of the District. As of June 30, 2020, the fund balance was \$4.82 million; an increase of \$1.88 million from the previous year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to the total of fund revenues. At the end of the fiscal year, the General Fund balance was 8.9% of General Fund revenues. The fund balance increase was due primarily to additional State School Fund resources received in March of 2020.

Special Revenue – Special Revenue funds account for the proceeds of revenue sources that are designated to expenditures for specified purposes. Federal programs make up the majority of the Special Revenue funds. The ending fund balance increased from the prior year, up \$86 thousand from 2018-2019. This increase was due to fewer expenditures experienced from school closures caused by the COVID 19 pandemic.

Debt Service - The Ending Fund Balance in the debt service fund decreased by \$571 thousand. The revenue source for general obligation bonds is through a property tax levy with the amounts based on debt service requirements and an increase in miscellaneous investments. In preparation for the final payment of the general obligation bond, in 2019-2020, the bulk of the remaining end fund balance was used to reduce taxes collected. The revenue source for the limited tax pension obligation bonds is through a payroll fringe expenditure.

Capital Projects – The Ending Fund Balance in the Capital Projects fund increased by \$172 thousand, this was due to an increase in revenues in the form of construction excise tax and investment proceeds, and fewer major repairs required during the school year.

Key Budget Variances

Expenditure budgets are appropriated at the following level of control for each fund: Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, and Other Uses of Funds which include Interfund Transactions, Debt Service and Contingency. Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels are not changed. Supplemental appropriations may occur if the Board approves them when a need exists that was not determined at the time the budget was adopted. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2020.

Capital Asset and Debt Administration

Capital Assets – The District's investment in capital assets includes land, buildings and improvements, vehicles, and equipment. As of June 30, 2020, the District had invested \$30.3 million in capital assets, net of depreciation. This is down \$1.09 million from the previous year due to the accumulated depreciation outweighing acquisitions. The major capital asset gains were:

- 2 district vehicles
- Gym floor at Manzanita
- ADA accessible ramps at Madrona
- Parking lot restructure and paving at Madrona
- Kitchen upgrade at MAC
- 10 heat pump replacements at various schools
- District wide storage cargo container
- Paving project at maintenance / bus lot

Additional information on the District's capital assets can be found in Note 5 of the financial statements.

Fixed Assets	Balance June 30, 2020
Land and Land Improvements	\$ 598,310
Buildings & Improvements	25,248,388
Vehicles and Equipment	3,183,361
Work In Progress	1,309,701
Total	\$ 30,339,760

Long Term Debt – At the end of the current fiscal year, the District had total debt outstanding of \$22.5 million, consisting of the following:

- PERS Bond \$18.79 million
- General Obligation Bond \$ 2.43 million
- QZAB Bonds \$.86 million
- HV Turf Field \$.07 million
- Capital Leases \$.39 million

Additional information on the District's long-term debt can be found in Note 6 of this report.

District Goals, Pandemic Impacts & Future Budgets

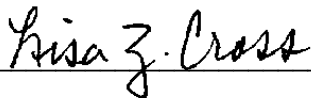
The District's shared goals of increasing graduation rates, creating a "Culture of Care" and providing high quality communication, customer service and community engagement is the foundation for current and future budgeting decisions. The Three Rivers School District published average four-year graduation rate for 2019-20 is 78%, an inspiring 10% increase in the last 2 years. This priority is a result of additional staffing and programs, and support from the employees and parents. 2020 and COVID19 has placed numerous roadblocks in the way of these goals, but it has also provided an opportunity for the District to find new ways to connect with students, parents and the community. The District's commitment to continued success will center on how to best allocate resources and funding in the future.

Oregon's State School Fund provides the largest portion of District revenues, within the General Fund, and is comprised primarily of state and local taxes. Initially, state economists predicted the impacts of COVID19 would be devastating, however the November forecast revealed revenues for the 19-21 biennium were up slightly across the board and provided stability for the remainder of the 20-21 school year. Despite the stabilization, continued COVID19 "freezes" will impact the economy and require the state to use significant state reserves for the expected 21-23 biennium shortfall. This downturn will also effect the Oregon Public Employees Retirement System and required contributions from the District which will be reflected in the 2023-25 biennium.

District enrollment had gradually declined from 2004 to 2015. Since then, enrollment has leveled out and in 2020 has held steady at 4,500 students. Unfortunately, due to the impact of COVID19 and the start of Comprehensive Distance Learning, enrollment trends will be difficult to estimate for the future. The District and its stakeholders will continue to work together to provide the best learning opportunities for students, provide safe and healthy learning environments, and to offer viable employee benefits.

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Accounting Manager at 8550 New Hope Road, Grants Pass, Oregon 97527.

 _____, Accounting Manager

 _____, Superintendent

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS:	
ASSETS:	
Cash and investments	\$ 5,604,326
Taxes receivable	1,592,058
Other receivables	1,102,705
Intergovernmental account receivables	3,217,586
Assets held in trust (Sinking fund)	249,892
Prepaid expenses	64,743
Inventories	1,397
Other post employment benefit (RHIA)	439,048
Capital assets, net:	
Land	598,310
Construction in progress	1,309,701
Buildings and improvements	25,248,388
Machinery, equipment and vehicles	3,183,361
TOTAL ASSETS	42,611,515
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pension	12,858,732
Deferred outflows related to pension (Stipend)	185,025
Deferred outflows related to other post employment benefits	786,545
Deferred outflows related to other post employment benefits (RHIA)	66,624
TOTAL DEFERRED OUTFLOWS	13,896,926
TOTAL ASSETS AND DEFERRED OUTFLOWS	56,508,441
LIABILITIES AND DEFERRED INFLOWS:	
LIABILITIES:	
Accounts payable	754,075
Accrued payroll liabilities	364,185
Accrued interest payable	14,817
Accrued compensated absences	164,434
Pension liability (stipend) (due in more than one year)	2,949,535
Other post employment benefit obligation (due in more than one year)	6,205,308
Net pension liability (OPERS) (due in more than one year)	40,825,524
Capital lease payable:	
Due within one year	176,418
Due in more than one year	214,957
Note payable:	
Due within one year	15,554
Due in more than one year	52,443
Debt payable:	
Due within one year	4,232,871
Due in more than one year	17,842,612
TOTAL LIABILITIES	73,812,733
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pension	3,555,054
Deferred inflows related to pension (Stipend)	1,121,502
Deferred inflows related to other post employment benefits	993,440
Deferred inflows related to other post employment benefits (RHIA)	88,186
TOTAL DEFERRED INFLOWS	5,758,182
TOTAL LIABILITIES AND DEFERRED INFLOWS	79,570,915
NET POSITION:	
Net investment in capital assets	26,594,905
Restricted for:	
Special projects	109,569
Student body	1,047,225
Debt service	1,034,647
Capital projects	617,268
Unrestricted	(52,466,088)
TOTAL NET POSITION	\$ (23,062,474)

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction	\$ 37,603,014	\$ 1,243,255	\$ 4,359,019	\$ -
Supporting services	28,003,500	128,412	3,333,678	-
Community services	2,741,124	95,654	2,102,857	-
Facilities acquisition and construction	10,849	-	-	1,309,702
Interest on long term debt	1,323,135	-	-	-
Total government activities	<u>\$ 69,681,622</u>	<u>\$ 1,467,321</u>	<u>\$ 9,795,554</u>	<u>\$ 1,309,702</u>
				(57,109,045)
General revenues:				
Property taxes levied for general purposes				17,147,211
Property taxes levied for debt service				1,836,492
Construction excise tax				334,775
State school fund - general support				34,755,340
Common school fund				421,046
Federal forest fees				101,372
Unrestricted state and local sources				1,155,644
Earnings on investments				274,161
Contributions				123,021
Miscellaneous				444,699
Total general revenues				<u>56,593,761</u>
CHANGE IN NET POSITION				(515,284)
NET POSITION - July 1, 2019				<u>(22,547,190)</u>
NET POSITION - June 30, 2020				<u>\$ (23,062,474)</u>

FUND FINANCIAL STATEMENTS

**THREE RIVERS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS:					
Equity in pooled cash and investments	\$ 3,717,088	\$ -	\$ 596,806	\$ 429,938	\$ 4,743,832
Receivables:					
Property taxes	1,404,109	-	187,949	-	1,592,058
Accounts	1,019,778	230,569	-	1,350,066	2,600,413
Grants	-	1,719,878	-	-	1,719,878
Prepaid	64,743	-	-	-	64,743
Inventory	1,397	-	-	-	1,397
Interfund receivable	460,388	-	-	-	460,388
TOTAL ASSETS	\$ 6,667,503	\$ 1,950,447	\$ 784,755	\$ 1,780,004	\$ 11,182,709
LIABILITIES:					
Accounts payable	\$ 323,385	\$ 95,154	\$ -	\$ 271,417	\$ 689,956
Interfund payable	-	460,388	-	-	460,388
Accrued payroll liabilities	325,269	38,916	-	-	364,185
TOTAL LIABILITIES	648,654	594,458	-	271,417	1,514,529
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,198,022	-	163,383	-	1,361,405
TOTAL DEFERRED INFLOWS	1,198,022	-	163,383	-	1,361,405
Fund Balances:					
Nonspendable:					
Prepaid & inventory	66,140	-	-	-	66,140
Restricted:					
Education - grants	-	93,062	-	-	93,062
Student body funds	-	1,047,225	-	-	1,047,225
Building improvements	-	16,507	-	-	16,507
Debt service	-	-	621,372	249,892	871,264
Excise tax projects	-	-	-	617,268	617,268
Committed:					
Energy projects	-	-	-	309,301	309,301
Assigned:					
School improvement projects	1,053,000	-	-	-	1,053,000
Other purposes	906,291	199,195	-	-	1,105,486
Capital improvements	-	-	-	332,126	332,126
Emergency funds	500,000	-	-	-	500,000
Unassigned	2,295,396	-	-	-	2,295,396
TOTAL FUND BALANCES	4,820,827	1,355,989	621,372	1,508,587	8,306,775
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,667,503	\$ 1,950,447	\$ 784,755	\$ 1,780,004	\$ 11,182,709

**THREE RIVERS SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2020**

TOTAL FUND BALANCES		\$ 8,306,775
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 117,331,138	
Accumulated depreciation	<u>(86,991,378)</u>	30,339,760
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		1,361,405
Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		1,046,267
The other post employment benefit asset (RHIA) is not reported with the governmental funds.		439,048
The net deferred outflow/(inflow) associated with the District's pension and other post employment benefits is not recorded in the governmental funds as it is not available nor payable currently.		8,138,744
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	(14,817)	
Note payable	(67,997)	
Capital leases payable	(391,375)	
Pension liability (Stipend)	(2,949,535)	
Pension liability (OPERS)	(40,825,524)	
Other post employment benefit obligation	(6,205,308)	
Debt payable, net of bond premium	(22,075,483)	
Accrued compensated absences	<u>(164,434)</u>	<u>(72,694,473)</u>
TOTAL NET POSITION		\$ <u>(23,062,474)</u>

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES					
Property taxes and other taxes	\$ 17,153,967	\$ -	\$ 1,847,014	\$ 334,775	\$ 19,335,756
Intergovernmental	36,556,517	9,356,322	-	1,354,702	47,267,541
Charges for services	66,674	1,181,760	-	6,725	1,255,159
Local contributions	-	107,129	-	15,892	123,021
Investment earnings	185,151	1,653	35,395	44,210	266,409
Miscellaneous	194,598	106,760	2,558,425	242,353	3,102,136
TOTAL REVENUES	54,156,907	10,753,624	4,440,834	1,998,657	71,350,022
EXPENDITURES					
Current					
Instruction	29,497,768	5,416,994	-	-	34,914,762
Support services	22,235,979	3,120,530	-	587,349	25,943,858
Enterprise and community services	-	2,521,805	-	-	2,521,805
Facilities and acquisition	-	-	-	1,369,040	1,369,040
Debt service	-	-	5,029,220	-	5,029,220
TOTAL EXPENDITURES	51,733,747	11,059,329	5,029,220	1,956,389	69,778,685
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,423,160	(305,705)	(588,386)	42,268	1,571,337
OTHER FINANCING SOURCES (USES)					
Transfers	(539,208)	391,708	17,500	130,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(539,208)	391,708	17,500	130,000	-
NET CHANGE IN FUND BALANCE	1,883,952	86,003	(570,886)	172,268	1,571,337
FUND BALANCE, July 1, 2019	2,936,875	1,269,986	1,192,258	1,336,319	6,735,438
FUND BALANCE, June 30, 2020	\$ 4,820,827	\$ 1,355,989	\$ 621,372	\$ 1,508,587	\$ 8,306,775

**THREE RIVERS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

NET CHANGE IN FUND BALANCE **\$ 1,571,337**

Amounts reported for governmental activities in the Statement of Activities are different because:

Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 1,589,792	
Less current year depreciation	<u>(2,676,609)</u>	(1,086,817)

Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position. This is the principal payment.	4,096,393
--	-----------

Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. This activity is consolidated with the governmental activities in the statement of activities.	(86,185)
--	----------

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.	
Interest paid	\$ 1,324,827
Interest expense	<u>(1,323,135)</u>
	1,692

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities property taxes are recognized as revenue when levied.	(17,278)
---	----------

The change in the net post employment benefit obligation (OPEB) is not recognized in the governmental funds (including deferred outflows and inflows).	179,406
--	---------

The change in the net post employment benefit obligation (OPEB) RHIA is not recognized in the governmental funds (including deferred outflows and inflows).	85,397
---	--------

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned.	(27,346)
---	----------

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as pension expense. (OPERS and stipend, including deferred outflows and inflows).	<u>(5,231,883)</u>
--	--------------------

CHANGE IN NET POSITION	<u><u>\$ (515,284)</u></u>
-------------------------------	-----------------------------------

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

	Self Insurance Fund
ASSETS:	
Equity in pooled cash and investments	\$ 1,110,386
TOTAL ASSETS	\$ 1,110,386
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 64,119
TOTAL LIABILITIES	64,119
NET POSITION:	
Unrestricted	1,046,267
TOTAL NET POSITION	\$ 1,046,267

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020**

	Self Insurance Fund
	<u> </u>
OPERATING REVENUES	
Self insurance revenues	\$ 384,267
	<u> </u>
TOTAL OPERATING REVENUES	<u>384,267</u>
OPERATING EXPENSES	
Current:	
Support services	478,204
	<u> </u>
TOTAL OPERATING EXPENSES	<u>478,204</u>
TOTAL OPERATING INCOME / (LOSS)	<u>(93,937)</u>
NONOPERATING REVENUES (EXPENSES)	
NONOPERATING REVENUES	
Interest income	7,752
	<u> </u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>7,752</u>
CHANGE IN NET POSITION	(86,185)
NET POSITION, June 30, 2019	<u>1,132,452</u>
NET POSITION, June 30, 2020	<u>\$ 1,046,267</u>

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020**

	Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Interfund activity - self insurance receipts	\$ 419,631
Supporting services	(424,122)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,491)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	7,752
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,752
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,261
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,107,125
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,110,386
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME	
Operating income (loss)	\$ (93,937)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in accounts receivable	35,364
Increase in accounts payable	54,355
Decrease in accrued liabilities	(273)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (4,491)

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2020**

	Trust and Agency Scholarship Fund
ASSETS:	
Equity in pooled cash and investments	\$ 3,519
NET POSITION:	
Reserved for scholarships	\$ 3,519

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2020**

	Trust and Agency Scholarship Fund
ADDITIONS	
Earnings on investments	\$ 314
TOTAL ADDITIONS	<u>314</u>
DEDUCTIONS	
Community services	<u>55,557</u>
TOTAL DEDUCTIONS	<u>55,557</u>
CHANGE IN NET POSITION	(55,243)
NET POSITION, June 30, 2019	<u>58,762</u>
NET POSITION, June 30, 2020	<u><u>\$ 3,519</u></u>

NOTES TO BASIC FINANCIAL STATEMENT

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

Three Rivers School District (the District), Murphy, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to exclude any potential component units in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). GASB 61 modified certain requirements for inclusion of component units in financial reporting. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

It has been determined that both Sunny Wolf Charter School and Woodland Charter School will not be included in the Three Rivers School District statements as a component unit for the following reasons:

- The District is not financially accountable for either Sunny Wolf or Woodland Charter School
- The District does not appoint any members of the charter schools' governing body
- The District is not able to impose its will on either of the organizations
- There is no potential for either charter school to provide specific financial benefits to, or imposes specific financial burdens on the District
- The District cannot legally access either charter schools' resources
- The District is not legally obligated for the debt of either organization
- The District is not legally obligated to provide financial support to either organization

There are various other governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

The more significant of the District's accounting policies are described below.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation

The financial statements of Three Rivers School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions.

Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are presented for governmental funds and fiduciary funds. The District has an internal service fund, which is reported as a proprietary fund.

Net Position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Fund - This fund accounts for revenues designated for specific purposes. This fund accounts for the revenues and expenditures related to specific purpose grants and other revenues when required by statute, charter provision, or the terms of the grant.

Debt Service Fund - This fund accounts for the servicing of general long-term debt not being financed by the General Fund. For the District, this includes the PERS Bonds and Full Faith General Obligation Bonds payments. The principal sources of revenues are property taxes, earnings on investments, services provided to other funds and other local revenues.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

Capital Projects Fund - This fund accounts for the acquisition, construction and maintenance of improvements within the District. Principal revenue sources are construction excise taxes, miscellaneous revenues, investment earnings and interfund transfers.

Additionally, the following proprietary fund is reported:

Self Insurance Fund - The Internal Service Fund accounts for monies used for self-insurance policies. Principal revenue sources are fees charged, miscellaneous revenues and investment earnings.

The following fiduciary fund is reported:

Fiduciary Fund - These are the funds that account for the assets held by the District as a trustee or agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. The fund included in this category is:

Trust and Agency Scholarship Fund - This fund accounts for resources received and held in a fiduciary capacity, in accordance with a trust agreement for student scholarships.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured, certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources, and early retirement benefits which are recorded when paid. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District's proprietary fund distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the District's internal service fund consist of charges for services and the cost of providing those services. All other revenues and expenses are reported as nonoperating.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, secured market deposit accounts, and short-term investments with original maturities of three months or less. Short-term investments are stated at cost which approximates fair value.

The District's investments, authorized under state statute, consist of banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Banker's acceptances, commercial paper and U.S. Government Agency securities are stated at amortized cost which approximates fair value. The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Investment Income

Investment income is composed of interest and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements, and is allocated monthly to all funds based on the fund's average cash balance.

Assets Held by Trustee (Sinking Fund)

On September 24, 2009, the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$2,000,000. The bonds purchased by All Points Capital Corp. with Section 1397E of the Internal Revenue Code, and as such, qualified for tax credits relating to the transaction. The bond proceeds were required to be used to provide for facility preservation and major maintenance in accordance with the QZAB financing plan. In addition to annual principle and interest payments, the District was required to transmit \$133,332 to the Deutsche Bank at closing on September 24, 2009, which was used to purchase a State & Local Government Security, which will mature on September 14, 2024. The value of the sinking fund as of June 30, 2020 was \$249,892.

Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of state school support and claims for reimbursement of costs under various federal and state grants. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectible receivables has been made.

Grants

Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

Supplies Inventory

Supplies inventory is valued at cost using first-in, first-out method. Accounting for supplies inventory is based on the consumption method whereby inventory is recorded when purchased and expenditures/expenses are recorded when inventory items are used.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 to 50 years
Vehicles	10 to 15 years
Equipment	5 to 20 years

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payment (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. The current and long term liabilities for vested or accumulated vacation leave, compensatory time, and retirement benefits are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave or resignation.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position (government-wide financials and proprietary funds) and the balance sheet (governmental funds) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two types of deferred outflows, which arise only under the full accrual of accounting (i.e. government-wide financials) that qualify for reporting in this category. Accordingly, the items, a deferred amount related to pensions and a deferred amount related to other post employment benefit (OPEB) obligation, is reported only in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of deferred inflows. One arises only under the modified accrual basis of accounting that qualifies for reporting in this category, deferred inflows related to property taxes (unavailable revenue). Accordingly, the governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has two types of deferred inflows which arise only under the full accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, deferred amounts related to pensions and deferred amounts related to other post employment benefit (OPEB) obligations, are reported in the government-wide statement of net position.

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Post-employment Health Benefits

Eligible employees who elect early retirement are entitled to payment of group medical insurance premiums. In the Government-wide financial statements, the District reports its liability for other post-employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees. Such costs are recorded as expenses in the Governmental Funds and funded as premiums become due.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position / Fund Balance

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Total capital assets reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct, or improve those assets. Deferred inflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.
- b. Restricted net position – Consists of restricted assets and deferred outflows or resources reduced by liabilities and deferred inflows of resources related to those assets and deferred outflows of resources. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not included in the definitions above.

In the fund financial statements, governmental fund balance is classified in the following categories.

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the District's Board of Education, by formal board action.

Assigned – Includes items assigned for specific uses, authorized by the District's Superintendent and/or Business Manager.

Unassigned – This is the residual classification used for those balances not assigned to another category.

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types, except capital outlay expenditures (including items below the District's capitalization level) and debt service, which are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Budget (continued)

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detailed budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. During the year there were two supplemental budgets appropriating unanticipated resources and five resolutions transferring appropriation authority within the General Fund. Appropriations lapse at the end of each fiscal year.

During the fiscal year ended June 30, 2020, the District was in compliance with Local Budget Law, except as follows:

A fund that finances an activity, the cost of which can be accurately estimated, may not include an appropriation for a general operating contingency (OAR 150-294-0430(2)).

The District included a general operating contingency in the debt service fund. The requirements for a debt service fund are known at the time the budget is prepared. Therefore, there is no unknown or unascertainable aspect to the expenditures from the fund.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2020:

GASB Statement No. 84, *Fiduciary Activities*. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective fiscal year ending June 30, 2021.

GASB Statement No. 87, *Leases*. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the District for fiscal year ending June 30, 2022.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

Future GASB Pronouncements (continued)

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. Issued June 2018, this statement establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the District for the fiscal year ending June 30, 2022.

GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61. Issued August 2018 to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 will be effective for the District for the fiscal year ending June 30, 2021.

GASB Statement No 91, *Conduit Debt Obligations*. Issued May 2019, this statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. GASB Statement No. 91 will be effective for the District for fiscal year ending June 30, 2023.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

Note 2 - Equity in Pooled Cash and Investments

Cash and investments are comprised of the following as of June 30, 2020:

Petty cash	\$ 50
Carrying amount of demand deposits	2,033,446
Carrying amount of investments	3,824,241
	<hr/>
	\$ 5,857,737
	<hr/>

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Cash and investments	\$ 5,604,326
Assets held in trust	249,892
Statement of Fiduciary Net Position	
Cash and investments	3,519
Total cash and investments	<hr/>
	\$ 5,857,737
	<hr/>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 2 - Equity in Pooled Cash and Investments (continued)

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2020. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For the fiscal year ended June 30, 2020, the carrying amounts of the District's deposits in various financial institutions were \$2,033,446 and the bank balances were \$2,220,990. All deposits are held in the name of the District.

The bank balance is comprised of amounts held at various financial institutions with each providing \$250,000 coverage of FDIC insurance. Of the total bank balance all but \$1,470,990 was covered by FDIC. However, this balance was covered by the State of Oregon shared liability structure for participating bank depositories in Oregon.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Investments. Three Rivers School District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2020. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer.

It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40, the LGIP is not rated.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 2 - Equity in Pooled Cash and Investments (continued)

Investment Pool. As of June 30, 2020 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

Credit Risk. State Statutes authorize the District to invest primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Disclosures about Fair Value of Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

Investments Measured at Fair Value:	Totals as of 6/30/2020	Level One	Level Two	Level Three	Amortized Cost Not Measured at Fair Value
Local Government					
Investment Pool	\$ 3,231,664	\$ -	\$ -	\$ -	\$ 3,231,664
Cerificates of Deposit	240,050	-	-	-	240,050
2012 QSCB Sinking Fund Reserve:					
Cash held in reserve account	262	262	-	-	-
Treasury Securities	352,265	352,265	-	-	-
	<u>\$ 3,824,241</u>	<u>\$ 352,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,471,714</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 2 - Equity in Pooled Cash and Investments (continued)

As of June 30, 2020, the District's investments had the following maturities and credit ratings:

	<u>Total Investments</u>	<u>Investment Maturities</u>		
		<u>Less than 1 yr</u>	<u>1-5 years</u>	<u>6-10 years</u>
Cash held in sinking fund accounts	\$ 262	\$ 262	\$ -	\$ -
Local Government				
Investment Pool	3,231,664	3,231,664	-	-
Certificates of Deposit	240,050	240,050	-	-
Treasury Securities	352,265	-	352,265	-
Total Investments	<u>\$ 3,824,241</u>	<u>\$ 3,471,976</u>	<u>\$ 352,265</u>	<u>\$ -</u>
	<u>Moody's</u>	<u>Standard & Poor</u>	<u>Percentage of Total Investments</u>	
	<u>Rating</u>	<u>Rating</u>		
Cash held in sinking fund accounts	N/R	N/R	0.01%	
Local Government				
Investment Pool	N/R	N/R	84.50%	
Certificates of Deposit	N/R	N/R	6.28%	
Treasury Securities	N/R	N/R	9.20%	
Total Investments			<u>100.00%</u>	

N/R = Not Rated

Note 3 - Receivables

Receivables are comprised of the following as of June 30, 2020:

	<u>Other</u>	<u>Grants</u>	<u>Property Taxes</u>	<u>Total</u>
General fund	\$ 1,019,778	\$ -	\$ 1,404,109	\$ 2,423,887
Special revenue fund	230,569	1,719,878	-	1,950,447
Debt service fund	-	-	187,949	187,949
Capital projects fund	1,350,066	-	-	1,350,066
	<u>\$ 2,600,413</u>	<u>\$ 1,719,878</u>	<u>\$ 1,592,058</u>	<u>\$ 5,912,349</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 4 - Unavailable / Unearned Revenues

Governmental funds, under the modified accrual basis of accounting, accrue deferred revenue for revenue amounts unearned or unavailable. Government-wide reporting, as well as in proprietary funds, use full accrual accounting and report only unearned revenue. Unavailable revenue (deferred inflows) result in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenue result in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unavailable (deferred inflow) and unearned revenue in the governmental funds were as follows:

Fund Type	Property Tax Unavailable
General fund	\$ 1,198,022
Debt service fund	163,383
Total	<u>\$ 1,361,405</u>

Note 5 - Capital Assets

The changes in capital assets for the year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Transfers/ Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 598,310	\$ -	\$ -	\$ 598,310
Construction-in-progress	-	1,309,701	-	1,309,701
Total capital assets not being depreciated	<u>598,310</u>	<u>1,309,701</u>	<u>-</u>	<u>1,908,011</u>
Capital assets being depreciated:				
Buildings and improvements	108,558,721	133,332	-	108,692,053
Machinery/equipment/vehicles	6,598,110	146,759	(13,795)	6,731,074
Total	<u>115,156,831</u>	<u>280,091</u>	<u>(13,795)</u>	<u>115,423,127</u>
Less accumulated depreciation for:				
Buildings and improvements	(81,151,732)	(2,291,933)	-	(83,443,665)
Machinery/equipment/vehicles	(3,176,832)	(384,676)	13,795	(3,547,713)
Total	<u>(84,328,564)</u>	<u>(2,676,609)</u>	<u>13,795</u>	<u>(86,991,378)</u>
Total capital assets, net:				
Land	598,310	-	-	598,310
Construction-in-progress	-	1,309,701	-	1,309,701
Buildings and improvements	27,406,989	(2,158,601)	-	25,248,388
Machinery/equipment/vehicles	3,421,278	(237,917)	-	3,183,361
Total	<u>\$31,426,577</u>	<u>\$ (1,086,817)</u>	<u>\$ -</u>	<u>\$30,339,760</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 5 - Capital Assets (continued)

Depreciation expense for the fiscal year was \$2,676,609 and is allocated to the various functions.

<u>Program</u>	
Instruction	\$ 1,510,410
Supporting services	1,064,755
Community services	<u>101,444</u>
 Total	 <u>\$ 2,676,609</u>

Note 6 - Long-Term Debt

Qualified Zone Academy Bonds

On September 24, 2009, the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$2,000,000. The bonds purchased by All Points Capital Corp. with Section 1397E of the Internal Revenue Code, and as such, qualified for tax credits relating to the transaction. The bond proceeds were required to be used to provide for facility preservation and major maintenance in accordance with the QZAB financing plan.

To qualify for use of the QZAB proceeds, individual schools must qualify by meeting federal guidelines for certain economic demographics. The primary use of the funds was for renovations of the primary and secondary schools in the District. In addition, initial funding for the SB 1149 energy efficiency projects was provided by the QZAB proceeds so that projects could move forward in a timely manner. As SB 1149 funds become available in future years, they will then be utilized to repay a portion of the QZAB debt. The agreement contains a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment. The repayment schedule may be amended as mutually agreed upon by the seller and the District.

As a result of the structure of the QZAB, the District is required to repay \$2,224,816 in total principal and interest payments over the 15 year term. The District will make equal annual payments in the amount of \$133,332 through 2024. Interest paid for the fiscal year was \$11,946.

As part of the terms of the QZAB agreement, the District opted to create a sinking fund upon bond issuance to pay for the fifteenth and final balloon payment of \$358,168, which includes principal and interest, due and payable in fiscal 2025. At closing on September 24, 2009, the District transmitted \$133,332 to the Deutsche Bank, which was used to purchase a State & Local Government Security, which will mature on September 14, 2024. The value of the sinking fund as of June 30, 2020 was \$249,892.

<u>Year ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 122,871	\$ 10,461	\$ 133,332
2022	124,373	8,959	133,332
2023	125,894	7,438	133,332
2024	127,434	5,898	133,332
2025	<u>354,911</u>	<u>3,255</u>	<u>358,166</u>
	<u>\$ 855,483</u>	<u>\$ 36,011</u>	<u>\$ 891,494</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 6 - Long-Term Debt (continued)

Pension Obligation Bonds

On February 5, 2004, the District participated in pooled issuances of taxable pension obligation bonds to finance the District's unfunded actuarially accrued liability (UAAL) with the State of Oregon Public Employees Retirement System (PERS). The District issued \$26,620,000 in debt as part of a pooled issuance of \$467,820,000. Except for the payment of its pension bond payments and additional charges when due, each participating school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS.

Bond proceeds were paid to the Public Employee Retirement System. The bonds were issued February 2004. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore, a portion of State School Support is withheld on a monthly basis to repay debt. Funds are accumulated and invested by a trust officer, and annual principal and interest payments are made June 30, beginning June 30, 2004 and ending June 30, 2028. The series 2004 bond interest rates range from 3.25% to 5.53% with a true interest cost of 5.47%. The agreement contains a provision that in an event of default, the Trustee may exercise any remedy available at law or in equity; however, the payments are not subject to acceleration.

The issuance of the bonds was evaluated based on advance refunding criteria. The actual savings realized by the District over the life of the bonds is uncertain due to various legislative changes and legal issues pending with the PERS system, which could impact the District's future required contribution rate. Interest paid on these bonds for the fiscal year was \$1,115,148.

Year ending June 30th	Principal	Interest	Total
2021	\$ 1,680,000	\$ 1,035,897	\$ 2,715,897
2022	1,910,000	944,790	2,854,790
2023	2,155,000	840,256	2,995,256
2024	2,420,000	721,128	3,141,128
2025	2,705,000	587,350	3,292,350
2026-2028	7,920,000	794,926	8,714,926
	<u>\$ 18,790,000</u>	<u>\$ 4,924,347</u>	<u>\$ 23,714,347</u>

General Obligation Bonds

General Obligation bonds are a direct obligation and pledge the full faith and credit of the District. These bonds were issued to provide funds for the acquisition and construction of school facilities. The original amount of the General Obligation bonds issued in prior years was \$24,000,000. On January 26, 2005, the District issued \$17,720,000 federally taxable Series 2005 General Obligation Refunding bonds (Series 2005 Bonds) with an interest rate that ranges between 2.5% and 5% to advance refund \$17,405,000 of Series 2001 Bonds with an average interest rate of 5.11%. The Series 2001 Bonds were paid in full as of June 30, 2011. The maturing principal of the government obligations, interest earned thereon, and necessary cash balance, if any, will provide sufficient payments of principal and interest on the refunded portions of the Series 2001 Bonds. As a result, the refunded portions of the Series 2001 Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 6 - Long-Term Debt (continued)

General Obligation Bonds (continued)

Principal payments associated with the Series 2005 Bonds are due annually on December 15th and interest payments are due semiannually on June 15th and December 15th. The Series 2005 Bonds are general obligations of the District and the full faith and credit of the District is pledged to the successive owners of the Bonds. The agreement contains a provision that in an event of default the bonds are secured by the Oregon School Bond Guaranty, to the extent they are available or sufficient, and further insured by a financial guaranty policy issued by MBIA Insurance Corporation. The Bonds mature on December 15, 2020 and are not subject to redemption prior to their maturity. Interest paid on these bonds for the fiscal year was \$167,256.

Year ending June 30th	Principal	Interest	Total
2021	\$ 2,430,000	\$ 56,238	\$ 2,486,238
	<u>\$ 2,430,000</u>	<u>\$ 56,238</u>	<u>\$ 2,486,238</u>

Hidden Valley Turf Field Note Payable

On September 4, 2014, the District entered into an agreement with Evergreen Federal Bank for \$150,000 at 3.00% fixed interest to finance a portion of the new turf field at Hidden Valley High School. Monthly payments of principal and interest are to be repaid over a period of ten years commencing on October 1, 2014. Interest paid on this note for the fiscal year was \$2,286. This note matures September, 2024 and is payable from non-restricted General Fund revenues. If any payment obligation under this note is not paid when due, the remaining unpaid principal balance shall become due immediately at the option of the lender.

Year ending June 30th	Principal	Interest	Total
2021	\$ 15,554	\$ 1,827	\$ 17,381
2022	16,027	1,354	17,381
2023	16,514	867	17,381
2024	17,017	364	17,381
2025	2,885	7	2,892
	<u>\$ 67,997</u>	<u>\$ 4,419</u>	<u>\$ 72,416</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 6 - Long-Term Debt (continued)

Capital Leases

Various lease agreements have been entered into with interest rates varying from 3.50% to 4.346%. These agreements qualify as capital leases for accounting purposes and were recorded at the present value of the future minimum lease payments as of the inception date in the Statement of Net Position. The total cost of the lease purchase items is \$1,620,434 less accumulated depreciation of \$942,864. Interest expense in the current year was \$28,756.

Year ending June 30th	Principal	Interest	Total
2021	\$ 176,418	\$ 16,586	\$ 193,004
2022	105,148	7,264	112,412
2023	109,809	2,602	112,411
	<u>\$ 391,375</u>	<u>\$ 26,452</u>	<u>\$ 417,827</u>

The changes in long-term obligations for year ended June 30, 2020, are as follows:

Issue Date:	Outstanding July 1, 2019	New Debt Issued	Matured & Redeemed	Outstanding June 30, 2020	Due within 1 year	Interest Rate
PERS Bonds						
February 5, 2004	\$ 20,265,000	\$ -	\$ (1,475,000)	\$ 18,790,000	\$ 1,680,000	5.22-5.53%
GO Bonds						
January 26, 2005	4,685,000	-	(2,255,000)	2,430,000	2,430,000	3.75-5.25%
QZAB Bonds (direct placement)						
September 24, 2009	976,869	-	(121,386)	855,483	122,871	1.22%
Turf Field Note Payable (direct borrowing)						
September 24, 2009	83,092	-	(15,095)	67,997	15,554	3.00%
Capital Leases						
Various Equipment	621,287	-	(229,912)	391,375	176,418	3.5-4.346%
Total	<u>\$ 26,631,248</u>	<u>\$ -</u>	<u>\$ (4,096,393)</u>	<u>\$ 22,534,855</u>	<u>\$ 4,424,843</u>	

The District also has the following changes in Other Long-Term Obligations:

	Balance 7/1/2019	Earned	Used	Balance 6/30/2020	Due Within One Year
Compensated absences	\$ 137,088	\$ 117,902	\$ 90,556	\$ 164,434	\$ 164,434

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 7 - Operating Lease Commitments

The District has several operating leases associated with vehicles. Total expense for such leases was \$24,465 for the year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30	
2021	\$ 24,465
2022	3,426
Total	<u>\$ 27,891</u>

Note 8 - Interfund Transactions

Interfund transfers during the year ended June 30, 2020, were as follows:

	In	Transfers Out
General fund	\$ -	\$ 539,208
Special revenue fund	391,708	-
Debt service fund	17,500	-
Capital projects fund	130,000	-
	<u>\$ 539,208</u>	<u>\$ 539,208</u>

During the 2019-20 fiscal year, the Board of Directors approved transfers out from the General Fund. Special Revenue Funds received the transfer to fund the food service required food match program and to supplement the food service program deficit. The Debt Service Fund transfer was to transfer funds committed by Hidden Valley High School to repay the obligation related to their new turf field. The Capital Projects transfer was set aside for a future energy lease, and QZAB payments.

Note 9 - Postemployment Benefits Other Than Pensions (OPEB)

Single-Employer Defined Benefit Health Care Plan –

Plan Description – The District has two separate other post-employment benefits (OPEB) plans. The District maintains a single-employer defined benefit OPEB plan that provides post-employment health, dental, and life insurance benefits to eligible employees and their spouses, domestic partners, and children.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)–

Current administrators who have served in the administrative capacity for more than ten years as of June 30, 2004 shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. All other administrators who have served in an administrative capacity for seven years, or as a licensed teacher and administrator for 18 or more years, will receive seven years of current health insurance, but not beyond age 65. Notwithstanding the above, any administrator hired after August 15, 2007, will not be eligible for any early retirement benefits. Classified bargaining unit members who have at least 20 years of service as of June 30, 2004 shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. Classified bargaining unit members who have at least 15 years of service in a classified position, and are on the highest step of the salary schedule, shall receive early retirement benefits of seven years of current health insurance benefits, but not beyond age 65. However, if such an employee retires after June 30, 2011, the coverage will be for the employee only. Notwithstanding the above, any classified employee hired after June 30, 2000, will not be eligible for any early retirement benefits. Licensed bargaining unit members who have at least 20 years of service and were hired in 1991 or earlier shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. Notwithstanding the above, any licensed employee retiring after June 30, 2011, will not be eligible for any early retirement benefits.

In addition the District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees are allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. There requirement to make available to retirees (at the retiree's own cost) access in to the healthcare plan has an implicit cost to the district.

Funding Policy – The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms – The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees entering employment subsequent to August 30, 2007. As a result, the total plan members receiving the explicit benefit will decrease over time. At June 30, 2020, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	46
Active employees entitled to but not yet receiving benefit payments	63
	<u>109</u>

Total OPEB Liability – The districts total OPEB liability of \$6,205,308 was measured as of June 30, 2020, and was determined by an actuarial valuation date as of July 1, 2018.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)–

Actuarial Assumptions and Other Inputs – The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

<u>Input</u>	<u>Assumption</u>
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	2.25% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.5% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table
Annual Premium Increase Rate	Between 5% and 7% annually
Mortality Rates	RP 2014 male and female tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy

Changes in the Total OPEB Liability –

OPEB Liability at June 30, 2019	\$ 5,933,864
Changes for the year:	
Service cost	263,288
Interest	264,579
Assumptions or other input	378,836
Benefit payments	<u>(635,259)</u>
OPEB Liability at June 30, 2020	<u><u>\$ 6,205,308</u></u>

Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 461,828	\$ -
Changes of assumptions or other input	<u>324,717</u>	<u>993,440</u>
Total	<u><u>\$ 786,545</u></u>	<u><u>\$ 993,440</u></u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)–

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date)
2021	\$ (72,014)
2022	(72,014)
2023	(72,015)
2024	(22,485)
2025	(22,489)
Thereafter	54,122
Total	<u>\$ (206,895)</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease Rate 1.25%	Current Discount Rate 2.25%	1% Increase Rate 3.25%
Total OPEB Liability	\$ 6,578,340	\$ 6,205,308	\$ 5,851,787

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease 6% Graded Down to 4%	Graded Down to 5% Trend Rates	1% Increase 8% Graded Down to 6%
Total OPEB Liability	\$ 5,594,819	\$ 6,205,308	\$ 6,893,140

OPEB Expense – For the year ended June 30, 2020, the District recognized a reduction of OPEB expense of \$179,406.

Retirement Health Insurance Account (RHIA) –

Plan Description – The District contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Oregon Revised Statute (ORS) 238.420 established this trust fund and authorizes the Oregon Legislature to establish and amend the benefit provisions. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO box 23700, Tigard, OR 97281-3700, telephone (503) 598-7377, or by URL: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (continued)

Benefits Provided – RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible employees. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the District, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. The plan has been closed to new entrants since January 1, 2004.

Contributions – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by PERS.

The District's contractually required contribution rate for the year ended June 30, 2020, was 0.06% of annual covered OPERS payroll and 0.00% of OPSRP payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year. Contributions to the OPEB plan from the District were \$39,913 for the year ended June 30, 2020.

OPEB Asset, Income, Deferred Outflows of Resources, and Deferred Inflows of Resources –

At June 30, 2020, the District reported an asset of \$439,048 for its proportionate share of the net OPEB asset. The asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the asset was determined by an actuarial valuation as of December 31, 2017. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was approximately 0.22720791 percent.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 57,897
Changes of assumptions	-	455
Net difference between projected and actual earnings on investments:	-	27,100
Change in proportionate share	26,711	2,734
District's contributions subsequent to the measurement date:	39,913	-
Total	<u>\$ 66,624</u>	<u>\$ 88,186</u>

\$39,913 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a decrease to the net OPEB liability in the year ended June 30, 2020.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 9 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ended June 30	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date)
2021	\$ (32,691)
2022	(27,778)
2023	(3,798)
2024	2,792
Total	<u>\$ (61,475)</u>

Actuarial Methods and Assumptions – The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 10* Pension and Retirement Plans (excluding the Actuarial Methods and Assumptions cost of living adjustment assumption, which has been removed, and a retiree healthcare participation assumption of 35% for healthy retirees and 20% for disabled retirees has been used). The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, and the Investment Rate of Return.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate – The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

District's Net Pension Asset/(Liability)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Retirement Health Insurance Account	\$ 340,375	\$ 439,048	\$ 523,124

OPEB Expense

For the year ended June 30, 2020, the District recognized a reduction to OPEB expense related to RHIA of \$85,397.

Note 10 - Pension and Retirement Plans

Early Retirement Stipend Pension Plan –

Plan Description – The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible licensed employees of the District (not administered through a trust). The program covers licensed staff that have at least 18 years of service with the district and are not receiving District-paid medical benefits. This program provides employees with a stipend of 1/84 of their final annual salary per month. Payments are made for a maximum of seven years, but in no event past age 65 or death.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan (continued)

Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the District for the benefit for the period ended June 30, 2020 was \$257,806. There are no assets accumulated in a trust.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the stipend benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	26
Active employees entitled to but not yet receiving benefit payments	216
	<u>242</u>

Total Stipend Pension Liability – The districts total stipend pension liability of \$2,949,535 was measured as of June 30, 2020, and was determined by an actuarial valuation date as of July 1, 2018.

Actuarial Assumptions and Other Inputs – The total stipend pension liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

<u>Input</u>	<u>Assumption</u>
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	2.25% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.5% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table
Annual Premium Increase Rate	Between 5% and 7% annually
Mortality Rates	RP 2014 male and female tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Participation	80% active employees currently enrolled in a medical plan (100% if eligible for District paid benefits)
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy

Changes in the Stipend Pension Liability –

Stipend Pension Liability at June 30, 2019	\$ 2,795,997
Changes for the year:	
Service cost	114,386
Interest	97,343
Assumptions or other input	200,109
Benefit payments	<u>(258,300)</u>
Stipend Pension Liability at June 30, 2020	<u>\$ 2,949,535</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan (continued)

Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 977,925
Changes of assumptions or other input	185,025	143,577
Total	\$ 185,025	\$ 1,121,502

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date)
2021	\$ (165,035)
2022	(165,035)
2023	(165,035)
2024	(165,035)
2025	(165,032)
Thereafter	(111,305)
Total	\$ (936,477)

Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate – The following presents the total stipend pension liability of the District, as well as what the District's total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total Stipend Pension Liability	\$ 3,114,877	\$ 2,949,535	\$ 2,788,751

Stipend Pension Expense – For the year ended June 30, 2020, the District recognized a reduction in stipend pension expense of \$211,606.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan -

Plan Description - Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, and Internal Revenue Service Code Section 401(a).

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The ORS Chapter 238 Defined Benefit Plan was closed to new members hired on or after August 29, 2003. In 1995, the Oregon Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

Plan Benefits - All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 238 and 238A.

Tier One/Tier Two Retirement Benefit (Chapter 238) -

Pension Benefits - The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan was closed to new members hired on or after August 29, 2003.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Tier One/Tier Two Retirement Benefit (Chapter 238) (continued)

Death Benefits - Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a OPERS employer at the time of death,
- Member died within 120 days after termination of OPERS-covered employment,
- Member died as a result of injury sustained while employed in a OPERS-covered job, or
- Member was on an official leave of absence from a OPERS-covered job at the time of death.

Disability Benefits - A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0%.

OPSRP Pension Program (Chapter 238A) -

Pension Benefits - The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General Service - 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits - A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement - Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustment (COLA). The COLA is capped at 2.0%.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

OPSRP Pension Program (Chapter 238A) (continued)

Contributions –

PERS funding policy provides for periodic member and employer contributions at rates established by the PERS Board, subject to limits set by statute. The rates established for member and employer contributions were approved based on the recommendation of the PERS third-party actuary. This funding policy applies to the PERS Defined Benefit Plan. Employer contributions during the period July 1, 2019 through June 30, 2020, were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. For this period, employer contribution rates were 20.80% for Tier 1/Tier 2 employees and 15.35% for OPSRP General Employees and 19.98% for OPSRP police and fire employees. Employer contributions for the year ended June 30, 2020 were \$4,520,220.

A 10 year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 77 of the June 30, 2019 PERS CAFR.

Oregon PERS Comprehensive Annual Financial Report (CAFR) –

OPERS prepares their financial statements in accordance with Governmental Accounting Standards Board (GASB) Statements and generally accepted accounting principles. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/documents/financials/CAFR/2019-CAFR.pdf>.

Actuarial Valuation –

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability -

Valuation date	December 31, 2017
Measurement date	June 30, 2019
Experience study	2016, published July 26, 2017
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return ¹	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study, which reviewed experience for the four-year period ending on December 31, 2016.

Discount Rate –

The discount rate used to measure the total pension liability was 7.2 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	37.50%
Private equity	17.50%
Real estate	12.50%
Alternative equity	12.50%
Opportunity portfolio	0.00%
Total	100.00%

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Assumed Asset Allocation -

Investment Rate of Return –

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC's description of each asset was used to map the target allocation to the asset classes shown below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return</u>
Core fixed income	8.00%	3.49%
Short-term bonds	8.00%	3.38%
Intermediate-term bonds	3.00%	5.09%
High yield bonds	1.00%	6.45%
Large/mid cap US equities	15.75%	6.30%
Small cap US equities	1.31%	6.69%
Micro cap US equities	1.31%	6.80%
Developed foreign equities	13.13%	6.71%
Emerging market equities	4.13%	7.45%
Non-US small cap equities	1.88%	7.01%
Private equities	17.50%	7.82%
Real estate (property)	10.00%	5.51%
Real estate (REITS)	2.50%	6.37%
Hedge fund of funds - diversified	2.50%	4.09%
Hedge fund - event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	
Assumed inflation - means		2.50%

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -

At June 30, 2020, the District reported a liability of \$40,825,524 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was approximately 0.23601836 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$5,443,489. The \$5,443,489 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 56%, 40% and 4%, respectively.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,251,407	\$ -
Changes of assumptions	5,538,448	-
Net difference between projected and actual earnings on investments	-	1,157,362
Changes in proportionate share	334,469	1,233,895
Difference between employer contributions and employer's proportionate share of system contributions	214,188	1,163,797
District's contributions subsequent to the measurement date	4,520,220	-
Total	<u>\$ 12,858,732</u>	<u>\$ 3,555,054</u>

\$4,520,220 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ended June 30	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date)
2020	\$ 3,494,197
2021	(7,500)
2022	829,266
2023	498,172
2024	(30,677)
Thereafter	-
Total	<u>\$ 4,783,458</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Sensitivity for the District's Proportionate Share of the Net Pension Asset (Liability) to Changes in Discount Rate -

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.20 percent) or 1-percentage point higher (8.20 percent) than the current rate:

District's Net Pension Asset/(Liability)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Defined Benefit Pension	\$ (65,378,454)	\$ (40,825,524)	\$ (20,278,104)

Changes in Assumptions and Methods –

A summary of key changes implemented since the December 31, 2017 valuation are noted below. Additional detail and list of changes can be found in the 2018 Experience Study for the System, which can be found at: http://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

- Assumed administrative expenses were updated for both Tier 1/Tier 2 and OPSRP
- Mortality assumptions were changed to reflect updated base tables and mortality improvement projection scales for all groups
- Termination, disability and retirement rates were updated for some groups to more closely match observed experience
- Assumptions for merit increases, annual sick leave, and vacation pay were updated
- The assumed healthcare cost trend rates for the RHIPA program as well as the participation assumptions for both RHIA and RHIPA were updated
- Senate Bill 1049 was signed into law June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.
- The percentages used for allocating accrued liability for Tier 1/Tier 2 active members who have earned service with multiple OPERS employers were updated

Defined Contribution Plan – Individual Account Program (IAP)

Pension Benefits - Participants in OPERS defined contribution pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 10 - Pension and Retirement Plans (continued)

Defined Contribution Plan – Individual Account Program (IAP) (continued)

Death Benefits - Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions - During 2020, the District, as an employee benefit, paid the employees portion of the contribution. For 2020, the District paid \$1,618,765 for this contribution.

Note 11 - Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The School District has elected, under the State Unemployment Act of July 1, 1974, to reimburse the State Employment Department for any claims paid. Reimbursements are made from the District's Unemployment Insurance Fund. The District is unable to determine at this time the amount of the contingent liability for potential unemployment insurance claims.

Note 12 - Current Vulnerability Due to Certain Concentrations

The District's operations are concentrated within Josephine County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year.

Note 14 - Economic Dependency

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The Basic School Support funding provided by the state to all public school systems in Oregon is primarily based on student enrollment. The State provided \$34,755,340 to the District, which represents approximately 61.4% of the District's total general revenues for the year.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2020

Note 15 - Tax Abatements

As of June 30, 2020, Jackson and Josephine counties provide tax abatements through the Enterprise Zone program.

Enterprise Zone (ORS 285.597):

The Oregon Enterprise Zone program is a State of Oregon economic development program, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program provides qualified firms that will be making a substantial new capital investment within the defined enterprise zone, a waiver of 100% of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the fiscal year ended June 30, 2020, Three Rivers School District abated property taxes totaling \$7,100 under this program.

Note 16 - Restricted Net Position

As noted on the Statement of Net Position, there are various restrictions. The amount restricted for special projects, \$109,569, consists of monies to be used for Allcare professional development (\$24,598), building upgrades (\$16,507), a local internship grant (\$56,691), a JCF grant (\$1,055) and a music program grant (\$10,718). All of these funds are restricted for these various projects. Other amounts are restricted to student body, debt service and capital projects as stated.

Note 17 – Uncertainties

On March 13, 2020, the President of the United States declared a State of Emergency associated with the COVID-19 global pandemic. As of the date of these financial statements management has determined the impact to the District will be short-term in nature and it believes adequate liquidity exists for the District to endure upstream and downstream backlog that will develop as a result of the perceived slowdown in economic activity. The impact of the State of Emergency and full ramifications to the economy and the District are not determinable at this time.

Note 18 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2020 through December 21, 2020, the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Property taxes	\$ 16,854,702	\$ 16,854,702	\$ 17,153,967	\$ 299,265
Charges for services	99,400	99,400	66,674	(32,726)
Interest on investments	180,000	180,000	185,151	5,151
Miscellaneous	232,500	232,500	194,598	(37,902)
Intermediate sources:				
Intergovernmental	1,000,000	1,000,000	1,155,644	155,644
State sources:				
Basic school support	33,110,014	34,410,014	34,755,340	345,326
Intergovernmental	499,678	499,678	441,347	(58,331)
Federal sources:				
Intergovernmental	15,000	15,000	204,186	189,186
TOTAL REVENUES	51,991,294	53,291,294	54,156,907	865,613
EXPENDITURES				
Current:				
Instruction	31,021,897	31,347,897	29,497,768	1,850,129
Support services	22,362,456	22,644,456	22,235,979	408,477
Contingency	810,000	1,553,000	-	1,553,000
TOTAL EXPENDITURES	54,194,353	55,545,353	51,733,747	3,811,606
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,203,059)	(2,254,059)	2,423,160	4,677,219
OTHER FINANCING SOURCES (USES):				
Transfers out	(172,500)	(801,500)	(539,208)	262,292
TOTAL OTHER FINANCING SOURCES (USES)	(172,500)	(801,500)	(539,208)	262,292
NET CHANGE IN FUND BALANCE	(2,375,559)	(3,055,559)	1,883,952	4,939,511
FUND BALANCE, July 1, 2019	2,375,559	3,055,559	2,936,875	(118,684)
FUND BALANCE, June 30, 2020	\$ -	\$ -	\$ 4,820,827	\$ 4,820,827

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2020**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Charges for services	\$ 1,812,000	\$ 1,812,000	\$ 1,181,760	\$ (630,240)
Donations	-	-	107,129	107,129
Interest on investments	2,000	2,000	1,653	(347)
Miscellaneous	99,000	99,000	106,760	7,760
Intermediate sources:				
Intergovernmental	-	-	3,152	3,152
State sources:				
Intergovernmental	2,434,410	2,434,410	2,481,919	47,509
Federal sources:				
Intergovernmental	6,456,915	6,456,915	6,871,251	414,336
TOTAL REVENUES	10,804,325	10,804,325	10,753,624	(50,701)
EXPENDITURES				
Current:				
Instruction	7,425,936	7,425,936	5,416,994	2,008,942
Support services	3,207,479	3,207,479	3,120,530	86,949
Enterprise and community services	2,550,010	2,550,010	2,521,805	28,205
Facilities acquisition and construction	15,000	15,000	-	15,000
Contingency	464,000	464,000	-	464,000
TOTAL EXPENDITURES	13,662,425	13,662,425	11,059,329	2,603,096
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,858,100)	(2,858,100)	(305,705)	2,552,395
OTHER FINANCING SOURCES (USES):				
Transfers in	25,000	25,000	391,708	366,708
TOTAL OTHER FINANCING SOURCES (USES)	25,000	25,000	391,708	366,708
NET CHANGE IN FUND BALANCE	(2,833,100)	(2,833,100)	86,003	2,919,103
FUND BALANCE, July 1, 2019	2,833,100	2,833,100	1,269,986	(1,563,114)
FUND BALANCE, June 30, 2020	\$ -	\$ -	\$ 1,355,989	\$ 1,355,989

THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Three Rivers School District Proportionate Share of Net Pension (Liability) / Asset

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.2360184%	0.2485268%	0.2440468%	0.2437456%	0.2411978%	0.2689813%
District's proportion of the net pension asset/(liability)	(40,825,524)	(37,648,531)	\$(32,897,601)	\$(36,591,868)	\$(13,848,281)	\$ 6,097,038
District's covered-employee payroll	\$ 28,610,083	\$ 28,164,703	\$ 26,105,736	\$ 24,804,360	\$ 23,985,316	\$ 23,058,311
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-142.70%	-133.67%	-126.02%	-147.52%	-57.74%	26.44%
Plan fiduciary net position as a percentage of the total pension liability	80.20%	82.10%	83.10%	80.52%	91.88%	103.59%

Three Rivers School District Pension Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 4,520,220	\$ 2,806,404	\$ 3,805,443	\$ 2,403,712	\$ 2,376,272	\$ 2,695,646
Contribution in relation to the contractually required	(4,520,220)	(2,806,404)	(3,805,443)	(2,403,712)	(2,376,272)	(2,695,646)
Contributions deficiency (excess)	-	-	-	-	-	-
District's covered - employee payroll	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703	\$ 26,105,736	\$ 24,804,360	\$ 23,985,316
Contributions as a percentage of covered-employee payroll	15.91%	9.81%	13.51%	9.21%	9.58%	11.24%

Notes to Schedule -

See Note 10 in the footnotes for changes in assumptions.

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 68 during fiscal 2015, as a result, only six years of information is presented.

THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB (RHIA)
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Three Rivers School District Proportionate Share of Net OPEB (Liability) / Asset

	2020	2019	2018
District's proportion of the net OPEB RHIA asset/(liability)	0.22720791%	0.27381244%	0.24284476%
District's proportion of the net OPEB RHIA asset/(liability)	\$ 439,048	\$ 305,649	\$ 101,349
District's covered-employee payroll	\$ 28,610,083	\$ 28,164,703	\$ 26,105,736
District's proportionate share of the net OPEB RHIA asset/(liability) as a percentage of its covered-employee payroll	1.53%	1.09%	0.39%
Plan fiduciary net position as a percentage of the total pension liability	123.90%	123.90%	108.88%

Three Rivers School District Contributions

	2020	2019	2018
Contractually required contributions	\$ 39,912	\$ 112,609	\$ 132,581
Contribution in relation to the contractually required	(39,912)	(112,609)	(132,581)
Contributions deficiency (excess)	-	-	-
District's covered - employee payroll	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703
Contributions as a percentage of covered-employee payroll	0.14%	0.39%	0.47%

Note 1 - Changes of Benefit Terms and Assumptions -

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 for RHIA during fiscal 2018, as a result, only three years of information is presented.

THREE RIVERS SCHOOL DISTRICT

**SCHEDULE OF CHANGE IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

Total Pension Liability (Stipend):	2020	2019	2018	2017
Service cost	\$114,386	\$188,346	\$ 183,752	\$ 183,752
Interest	97,343	122,524	124,163	121,038
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(1,303,901)	-	-
Changes of assumptions of other inputs	200,109	13,240	(229,724)	-
Benefit payments	(258,300)	(239,991)	(218,597)	(182,640)
Net change in total pension liability (stipend)	153,538	(1,219,782)	(140,406)	122,150
Total Pension Liability (Stipend) - beginning	<u>\$ 2,795,997</u>	<u>\$ 4,015,779</u>	<u>\$ 4,156,185</u>	<u>\$ 4,034,035</u>
Total Pension liability (Stipend) - ending	<u><u>\$ 2,949,535</u></u>	<u><u>\$ 2,795,997</u></u>	<u><u>\$ 4,015,779</u></u>	<u><u>\$ 4,156,185</u></u>
Estimated Covered - employee payroll	\$13,725,109	\$13,260,975	\$ 18,394,083	\$ 17,858,333
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	21.49%	21.08%	21.83%	23.27%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in note 10 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 73 during fiscal 2017, as a result, only four years of information are presented.

THREE RIVERS SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

Total OPEB Liability (Medical):	2020	2019	2018	2017
Service cost	\$263,288	\$312,031	\$ 304,420	\$ 304,420
Interest	264,579	197,233	206,268	212,474
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	646,560	-	-
Changes of assumptions of other inputs	378,836	(1,182,792)	(297,175)	-
Benefit payments	(635,259)	(603,154)	(745,833)	(701,693)
Net change in total OPEB liability	271,444	(630,122)	(532,320)	(184,799)
Total OPEB liability - beginning	<u>\$ 5,933,864</u>	<u>\$ 6,563,986</u>	<u>\$ 7,096,306</u>	<u>\$ 7,281,105</u>
Total OPEB liability - ending	<u>\$ 6,205,308</u>	<u>\$ 5,933,864</u>	<u>\$ 6,563,986</u>	<u>\$ 7,096,306</u>
Estimated Covered - employee payroll	\$29,223,661	\$28,235,421	\$ 31,872,867	\$ 30,944,531
Total OPEB liability as a percentage of estimated covered - employee payroll	21.23%	21.02%	20.59%	22.93%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in note 9 to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2017, as a result, only four years of information are presented.

OTHER SUPPLEMENTARY INFORMATION

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Property taxes	\$ 1,822,256	\$ 1,822,256	\$ 1,847,014	\$ 24,758
Interest on investments	25,000	25,000	35,395	10,395
Miscellaneous	2,617,872	2,617,872	2,558,425	(59,447)
TOTAL REVENUES	4,465,128	4,465,128	4,440,834	(24,294)
EXPENDITURES				
Debt service:				
Principal	3,745,095	3,745,095	3,745,095	-
Interest	1,284,690	1,284,690	1,284,125	565
Contingency	401,596	401,596	-	401,596
TOTAL EXPENDITURES	5,431,381	5,431,381	5,029,220	402,161
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(966,253)	(966,253)	(588,386)	377,867
OTHER FINANCING SOURCES (USES):				
Transfers in	17,500	17,500	17,500	-
TOTAL OTHER FINANCING SOURCES (USES)	17,500	17,500	17,500	-
NET CHANGE IN FUND BALANCE	(948,753)	(948,753)	(570,886)	377,867
FUND BALANCE, July 1, 2019	1,150,738	1,150,738	1,192,258	41,520
FUND BALANCE, June 30, 2020	\$ 201,985	\$ 201,985	\$ 621,372	\$ 419,387

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2020**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Property taxes	\$ 220,000	\$ 220,000	\$ 334,775	\$ 114,775
Charges for services	8,000	8,000	6,725	(1,275)
Donations	-	-	15,892	15,892
Interest on investments	21,000	21,000	44,210	23,210
Miscellaneous	172,000	172,000	242,353	70,353
State sources:				
Intergovernmental	45,000	2,912,932	1,354,702	(1,558,230)
TOTAL REVENUES	466,000	3,333,932	1,998,657	(1,335,275)
EXPENDITURES				
Current:				
Support services	1,304,899	1,304,899	587,349	717,550
Facilities acquisition and construction	-	2,867,932	1,369,040	1,498,892
Contingency	290,056	290,056	-	290,056
TOTAL EXPENDITURES	1,594,955	4,462,887	1,956,389	2,506,498
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,128,955)	(1,128,955)	42,268	1,171,223
OTHER FINANCING SOURCES (USES):				
Transfers in	130,000	130,000	130,000	-
TOTAL OTHER FINANCING SOURCES (USES)	130,000	130,000	130,000	-
NET CHANGE IN FUND BALANCE	(998,955)	(998,955)	172,268	1,171,223
FUND BALANCE, July 1, 2019	998,955	998,955	1,336,319	337,364
FUND BALANCE, June 30, 2020	\$ -	\$ -	\$ 1,508,587	\$ 1,508,587

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
SELF-INSURANCE FUND
YEAR ENDED JUNE 30, 2020**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Interest on investments	\$ 8,000	\$ 8,000	\$ 7,752	\$ (248)
Self insurance revenues	301,011	301,011	384,267	83,256
TOTAL REVENUES	309,011	309,011	392,019	83,008
EXPENDITURES				
Current:				
Support services	549,267	549,267	478,204	71,063
Contingency	915,944	915,944	-	915,944
TOTAL EXPENDITURES	1,465,211	1,465,211	478,204	987,007
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,156,200)	(1,156,200)	(86,185)	1,070,015
NET POSITION, July 1, 2019	1,156,200	1,156,200	1,132,452	(23,748)
NET POSITION, June 30, 2020	\$ -	\$ -	\$ 1,046,267	\$ 1,046,267

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
TRUST AND AGENCY SCHOLARSHIP FUND
YEAR ENDED JUNE 30, 2020**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Interest on investments	\$ -	\$ -	\$ 314	\$ 314
TOTAL REVENUES	-	-	314	314
EXPENDITURES				
Current:				
Instruction	58,429	58,429	55,557	2,872
TOTAL EXPENDITURES	58,429	58,429	55,557	2,872
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(58,429)	(58,429)	(55,243)	3,186
NET POSITION, July 1, 2019	58,429	58,429	58,762	333
NET POSITION, June 30, 2020	\$ -	\$ -	\$ 3,519	\$ 3,519

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

**2019 - 2020 DISTRICT AUDIT REVENUE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Revenue from Local Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$ 17,153,967		\$ 1,847,014	334,775			
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax							
1200 Rev from Local Gov't Units Other Than Districts							
1310 Regular Day School Tuition	\$ 13,033						
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1400 Local & Federal Sources							
1500 Earnings on Investments	\$ 185,151	\$ 1,653	\$ 35,395	\$ 44,210		\$ 7,752	\$ 314
1600 Food Service		\$ 78,368					
1700 Extracurricular Activities	\$ 28,000	\$ 1,103,392					
1800 Community Services Activities							
1910 Rentals	\$ 25,641			\$ 6,725			
1920 Contributions and Donations From Private Sources		\$ 107,129		\$ 15,892			
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure		\$ 2,750					
1970 Services Provided Other Funds	\$ 85		\$ 2,558,425				
1980 Fees Charged to Grants						\$ 289,916	
1990 Miscellaneous	\$ 194,513	\$ 104,010		\$ 242,353		\$ 94,351	
Total Revenue from Local Sources	\$ 17,600,390	\$ 1,397,302	\$ 4,440,834	\$ 643,955	\$	\$ 392,019	\$ 314
Revenue from Intermediate Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds							
2102 Education Service District Apportionment	\$ 1,155,644						
2105 Natural Gas, Oil, and Mineral Receipts							
2199 Other Intermediate Sources							
2200 Restricted Revenue		\$ 3,152					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$ 1,155,644	\$ 3,152	\$	\$	\$	\$	\$
Revenue from State Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$ 34,755,340						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	\$ 421,046						
3104 State Managed County Timber	\$ 1,121						
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid	\$ 19,180	\$ 2,481,919		\$ 1,354,702			
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$ 35,196,687	\$ 2,481,919	\$	\$ 1,354,702	\$	\$	\$
Revenue from Federal Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4500 Restricted Revenue From the Federal Government Through the State	\$ 102,814	\$ 6,680,230					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$ 101,372						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$ 191,021					
Total Revenue from Federal Sources	\$ 204,186	\$ 6,871,251	\$	\$	\$	\$	\$
Revenue from Other Sources	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers	\$	\$ 391,708	\$ 17,500	\$ 130,000			
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$ 2,936,875	\$ 1,269,986	\$ 1,192,258	\$ 1,336,319		\$ 1,132,452	\$ 58,762
Total Revenue from Other Sources	\$ 2,936,875	\$ 1,661,694	\$ 1,209,758	\$ 1,466,319	\$	\$ 1,132,452	\$ 58,762
Grand Totals	\$ 57,093,782	\$ 12,415,318	\$ 5,650,592	\$ 3,464,976	\$	\$ 1,524,471	\$ 59,076

**2019 - 2020 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 100 - General Fund

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 8,884,562	\$ 5,315,782	\$ 3,244,621	\$ 171,955	\$ 151,850		\$ 354	
1113 Elementary Extracurricular	\$							
1121 Middle/Junior High Programs	\$ 3,997,102	\$ 2,425,512	\$ 1,424,587	\$ 116,653	\$ 30,067		\$ 283	
1122 Middle/Junior High School Extracurricular	\$ 50,185	\$ 38,132	\$ 11,279	\$ 715			\$ 59	
1131 Local & Federal Sources	\$ 5,674,742	\$ 3,306,458	\$ 2,007,816	\$ 169,246	\$ 186,253		\$ 4,969	
1132 High School Extracurricular	\$ 943,766	\$ 491,116	\$ 198,994	\$ 76,161	\$ 78,064	\$ 8,069	\$ 91,362	
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$ 3,493,262	\$ 2,214,429	\$ 1,253,422	\$ 10,764	\$ 14,647			
1250 Less Restrictive Programs for Students with Disabilities	\$ 3,122,260	\$ 1,744,360	\$ 994,874	\$ 376,812	\$ 6,214			
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$							
1280 Alternative Education	\$ 3,096,251	\$ 405,476	\$ 253,300	\$ 2,431,208	\$ 5,672		\$ 595	
1291 English Second Language Programs	\$ 235,638	\$ 143,551	\$ 86,808	\$ 2,581	\$ 2,698			
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$							
1299 Other Programs	\$							
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$							
Total Instruction Expenditures	\$ 29,497,768	\$ 16,084,816	\$ 9,475,701	\$ 3,356,095	\$ 475,465	\$ 8,069	\$ 97,622	\$

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 8,527			\$ 420	\$ 8,107			
2120 Guidance Services	\$ 802,858	\$ 518,892	\$ 277,503	\$ 3,966	\$ 2,318		\$ 179	
2130 Health Services	\$ 15,611			\$ 14,735	\$ 876			
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$ 551,578	\$ 278,966	\$ 187,055	\$ 78,995	\$ 5,389		\$ 1,173	
2210 Improvement of Instruction Services	\$ 221,442	\$ 106,128	\$ 70,695	\$ 12,298	\$ 14,823		\$ 17,498	
2220 Educational Media Services	\$ 842,893	\$ 391,951	\$ 280,912	\$ 108,423	\$ 61,607			
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 757			\$ 717	\$ 40			
2310 Board of Education Services	\$ 102,968	\$ 22,298	\$ 16,811	\$ 53,041	\$ 3,433		\$ 7,385	
2320 Executive Administration Services	\$ 340,220	\$ 201,552	\$ 128,881	\$ 1,354	\$ 6,960		\$ 1,473	
2410 Office of the Principal Services	\$ 5,076,319	\$ 2,979,253	\$ 1,908,177	\$ 51,883	\$ 112,463	\$ 8,453	\$ 16,090	
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$ 1,079,606	\$ 257,936	\$ 331,673	\$ 86,431	\$ 16,421		\$ 387,145	
2540 Operation and Maintenance of Plant Services	\$ 6,032,770	\$ 2,205,404	\$ 1,430,447	\$ 1,977,570	\$ 375,030	\$ 36,960	\$ 7,359	
2550 Student Transportation Services	\$ 4,567,452	\$ 14,220	\$ 9,216	\$ 4,544,016				
2570 Internal Services	\$ 200,959	\$ 74,470	\$ 70,814	\$ 3,237	\$ 46,538	\$ 5,900		
2610 Direction of Central Support Services	\$							
2630 Information Services	\$ 26,900	\$ 20,999	\$ 1,828		\$ 4,073			
2640 Staff Services	\$ 553,004	\$ 302,232	\$ 156,074	\$ 67,044	\$ 20,557		\$ 7,097	
2660 Technology Services	\$ 1,236,058	\$ 443,712	\$ 246,782	\$ 270,620	\$ 138,759	\$ 135,290	\$ 895	
2670 Records Management Services	\$							
2680 Translation Services	\$ 7,406	\$ 553	\$ 212		\$ 6,641			
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$ 568,651	\$ 257,806	\$ 310,845					
Total Support Services Expenditures	\$ 22,235,979	\$ 8,076,372	\$ 5,427,925	\$ 7,274,750	\$ 824,035	\$ 186,603	\$ 446,294	\$

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$							
3200 Other Enterprise Services	\$							
3300 Community Services	\$							
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$	\$	\$	\$	\$	\$	\$	\$

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$							
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$	\$	\$	\$	\$	\$	\$	\$

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$							
5200 Transfers of Funds	\$ 539,208							\$ 539,208
5300 Apportionment of Funds by ESD	\$							
5400 PERS UAL Bond Lump Sum	\$							
Total Other Uses Expenditures	\$ 539,208	\$	\$	\$	\$	\$	\$	\$ 539,208

Grand Total

\$ 52,272,955	\$ 24,161,188	\$ 14,903,626	\$ 10,630,845	\$ 1,299,500	\$ 194,672	\$ 543,916	\$ 539,208
----------------------	----------------------	----------------------	----------------------	---------------------	-------------------	-------------------	-------------------

**2019 - 2020 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 200 - Special Revenue

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 2,576				\$ 2,576			
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$ 131,204			\$ 45,616	\$ 75,008		\$ 10,580	
1121 Middle/Junior High Programs	\$ 75,984	\$ 10,282	\$ 3,226	\$ 60,073	\$ 2,344		\$ 59	
1122 Middle/Junior High School Extracurricular	\$ 150,894			\$ 14,307	\$ 106,787		\$ 29,800	
1131 Local & Federal Sources	\$ 79,879	\$ 3,200	\$ 1,195	\$ 8,083	\$ 67,401			
1132 High School Extracurricular	\$ 791,841			\$ 171,955	\$ 414,698	\$ 17,819	\$ 187,369	
1140 Pre-Kindergarten Programs	\$ 2,478	\$ 212	\$ 82	\$ 206	\$ 1,978			
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$ 172,279	\$ 86,344	\$ 65,529	\$ 5,850	\$ 14,556			
1250 Less Restrictive Programs for Students with Disabilities	\$ 1,059,630	\$ 644,942	\$ 380,771				\$ 33,917	
1260 Early Intervention	\$							
1271 Remediation	\$ 195,369	\$ 77,903	\$ 26,161	\$ 70,877	\$ 20,369		\$ 59	
1272 Title I	\$ 1,502,309	\$ 836,970	\$ 445,717	\$ 72,701	\$ 146,921			
1280 Alternative Education	\$ 180,094	\$ 78,122	\$ 40,075	\$ 3,518	\$ 51,459	\$ 6,920		
1291 English Second Language Programs	\$ 112,370	\$ 5,443	\$ 2,085	\$ 4,298	\$ 80,653	\$ 14,982	\$ 4,909	
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$ 924,703	\$ 518,512	\$ 311,835	\$ 49,581	\$ 40,171		\$ 4,604	
1299 Other Programs	\$							
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$ 35,384	\$ 23,957	\$ 9,846		\$ 1,581			
Total Instruction Expenditures	\$ 5,416,994	\$ 2,285,887	\$ 1,286,522	\$ 507,065	\$ 1,026,502	\$ 39,721	\$ 271,297	\$

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 100,835	\$ 38,014	\$ 14,776	\$ 14,988	\$ 33,057			
2120 Guidance Services	\$ 751,227	\$ 342,684	\$ 218,526	\$ 109,475	\$ 38,462		\$ 42,080	
2130 Health Services	\$ 111,210	\$ 1,132	\$ 496	\$ 109,504	\$ 78			
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$ 102,422	\$ 64,381	\$ 36,844	\$ 319	\$ 878			
2210 Improvement of Instruction Services	\$ 1,034,926	\$ 429,619	\$ 256,889	\$ 119,587	\$ 117,572		\$ 111,259	
2220 Educational Media Services	\$ 13,572	\$ 12,000	\$ 1,572					
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 566,744	\$ 166,057	\$ 89,814	\$ 263,781	\$ 8,834		\$ 38,258	
2310 Board of Education Services	\$							
2320 Executive Administration Services	\$							
2410 Office of the Principal Services	\$ 335,054	\$ 170,355	\$ 100,199	\$ 2,099	\$ 4,540		\$ 57,861	
2490 Other Support Services - School Administration	\$ 3,563			\$ 3,563				
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$							
2540 Operation and Maintenance of Plant Services	\$ 7,825				\$ 7,825			
2550 Student Transportation Services	\$ 84,931			\$ 84,931				
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$							
2640 Staff Services	\$							
2660 Technology Services	\$ 8,221			\$ 8,221				
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$							
Total Support Services Expenditures	\$ 3,120,530	\$ 1,224,242	\$ 719,116	\$ 716,468	\$ 211,246	\$	\$ 249,458	\$

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$ 2,500,691	\$ 843,866	\$ 570,454	\$ 1,029,629	\$ 32,661		\$ 24,081	
3200 Other Enterprise Services	\$							
3300 Community Services	\$ 21,114	\$ 612	\$ 171	\$ 7,435	\$ 12,507		\$ 389	
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$ 2,521,805	\$ 844,478	\$ 570,625	\$ 1,037,064	\$ 45,168	\$	\$ 24,470	\$

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$							
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$	\$	\$	\$	\$	\$	\$	\$

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$							
5200 Transfers of Funds	\$							
5300 Apportionment of Funds by ESD	\$							
5400 PERS UAL Bond Lump Sum	\$							
Total Other Uses Expenditures	\$	\$	\$	\$	\$	\$	\$	\$

Grand Total

\$ 11,059,329	\$ 4,354,607	\$ 2,576,263	\$ 2,260,597	\$ 1,282,916	\$ 39,721	\$ 545,225	\$
----------------------	---------------------	---------------------	---------------------	---------------------	------------------	-------------------	-----------

**2019 - 2020 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 300 - Debt Service

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$							
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$							
1121 Middle/Junior High Programs	\$							
1122 Middle/Junior High School Extracurricular	\$							
1131 Local & Federal Sources	\$							
1132 High School Extracurricular	\$							
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$							
1250 Less Restrictive Programs for Students with Disabilities	\$							
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$							
1280 Alternative Education	\$							
1291 English Second Language Programs	\$							
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$							
1299 Other Programs	\$							
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$							
2120 Guidance Services	\$							
2130 Health Services	\$							
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$							
2210 Improvement of Instruction Services	\$							
2220 Educational Media Services	\$							
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$							
2310 Board of Education Services	\$							
2320 Executive Administration Services	\$							
2410 Office of the Principal Services	\$							
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$							
2540 Operation and Maintenance of Plant Services	\$							
2550 Student Transportation Services	\$							
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
2630 Information Services	\$							
2640 Staff Services	\$							
2660 Technology Services	\$							
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$							
3200 Other Enterprise Services	\$							
3300 Community Services	\$							
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$							
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$ 5,029,220					\$5,029,220		
5200 Transfers of Funds	\$							
5300 Apportionment of Funds by ESD	\$							
5400 Bond Lump Sum	\$							
Total Other Uses Expenditures	\$5,029,220	\$0	\$0	\$0	\$0	\$0	\$5,029,220	\$0
Grand Total	\$5,029,220	\$0	\$0	\$0	\$0	\$0	\$5,029,220	\$0

**2019 - 2020 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 400 - Capital Projects

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$							
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$							
1121 Middle/Junior High Programs	\$							
1122 Middle/Junior High School Extracurricular	\$							
1131 Local & Federal Sources	\$							
1132 High School Extracurricular	\$							
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$							
1250 Less Restrictive Programs for Students with Disabilities	\$							
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$							
1280 Alternative Education	\$							
1291 English Second Language Programs	\$							
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$							
1299 Other Programs	\$							
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$							
2120 Guidance Services	\$							
2130 Health Services	\$							
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$							
2210 Improvement of Instruction Services	\$							
2220 Educational Media Services	\$							
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$							
2310 Board of Education Services	\$							
2320 Executive Administration Services	\$							
2410 Office of the Principal Services	\$							
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$							
2540 Operation and Maintenance of Plant Services	\$ 587,349			\$188,253	\$31,482	\$226,314	\$141,300	
2550 Student Transportation Services	\$							
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$							
2640 Staff Services	\$							
2660 Technology Services	\$							
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$							
Total Support Services Expenditures	\$ 587,349	\$0	\$0	\$188,253	\$31,482	\$226,314	\$141,300	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$							
3200 Other Enterprise Services	\$							
3300 Community Services	\$							
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$ 1,369,040			\$95,690		\$1,271,247	\$2,103	
4150 Building Acquisition, Construction, and Improvement Services	\$							
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$ 1,369,040	\$0	\$0	\$95,690	\$0	\$1,271,247	\$2,103	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$							
5200 Transfers of Funds	\$							
5300 Apportionment of Funds by ESD	\$							
5400 Bond Lump Sum	\$							
Total Other Uses Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$1,956,389	\$0	\$0	\$283,943	\$31,482	\$1,497,561	\$143,403	\$0

**2019 - 2020 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 600 - Self Insurance

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$							
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$							
1121 Middle/Junior High Programs	\$							
1122 Middle/Junior High School Extracurricular	\$							
1131 Local & Federal Sources	\$							
1132 High School Extracurricular	\$							
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$							
1250 Less Restrictive Programs for Students with Disabilities	\$							
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$							
1280 Alternative Education	\$							
1291 English Second Language Programs	\$							
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$							
1299 Other Programs	\$							
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$							
Total Instruction Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$							
2120 Guidance Services	\$							
2130 Health Services	\$							
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$							
2210 Improvement of Instruction Services	\$							
2220 Educational Media Services	\$							
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$							
2310 Board of Education Services	\$							
2320 Executive Administration Services	\$							
2410 Office of the Principal Services	\$							
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$ 158,427	\$93,851	\$55,561	\$4,289	\$4,476		\$250	
2540 Operation and Maintenance of Plant Services	\$ 55,811			\$969	\$275	\$54,567		
2550 Student Transportation Services	\$							
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$							
2640 Staff Services	\$ 86,671	\$24,672	\$61,999					
2660 Technology Services	\$ 177,295	\$109,132	\$68,163					
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$							
Total Support Services Expenditures	\$ 478,204	\$227,655	\$185,723	\$5,258	\$4,751	\$54,567	\$250	\$0

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$							
3200 Other Enterprise Services	\$							
3300 Community Services	\$							
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$							
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$							
5200 Transfers of Funds	\$							
5300 Apportionment of Funds by ESD	\$							
5400 Bond Lump Sum	\$							
Total Other Uses Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Grand Total

\$478,204	\$227,655	\$185,723	\$5,258	\$4,751	\$54,567	\$250	\$0
-----------	-----------	-----------	---------	---------	----------	-------	-----

**2019 - 2020 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 700 - Trust & Agency

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$							
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$							
1121 Middle/Junior High Programs	\$							
1122 Middle/Junior High School Extracurricular	\$							
1131 Local & Federal Sources	\$							
1132 High School Extracurricular	\$							
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$							
1250 Less Restrictive Programs for Students with Disabilities	\$							
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$							
1280 Alternative Education	\$							
1291 English Second Language Programs	\$							
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$							
1299 Other Programs	\$ 55,557			\$55,557				
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$							
Total Instruction Expenditures	\$ 55,557	\$0	\$0	\$55,557	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$							
2120 Guidance Services	\$							
2130 Health Services	\$							
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$							
2210 Improvement of Instruction Services	\$							
2220 Educational Media Services	\$							
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$							
2310 Board of Education Services	\$							
2320 Executive Administration Services	\$							
2410 Office of the Principal Services	\$							
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$							
2540 Operation and Maintenance of Plant Services	\$							
2550 Student Transportation Services	\$							
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
2630 Information Services	\$							
2640 Staff Services	\$							
2660 Technology Services	\$							
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$							
Total Support Services Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$							
3200 Other Enterprise Services	\$							
3300 Community Services	\$							
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$							
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$							
5200 Transfers of Funds	\$							
5300 Apportionment of Funds by ESD	\$							
5400 Bond Lump Sum	\$							
Total Other Uses Expenditures	\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$55,557	\$0	\$0	\$55,557	\$0	\$0	\$0	\$0

SUPPLEMENTAL INFORMATION, 2019-2020

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Part A is needed for computing Oregon's full allocation for ESEA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - All Funds:

Please enter your expenditures for electricity & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	\$ 1,126,005
Function 2550	\$ 0

B. Replacement of Equipment – General Fund:

Include all General Fund expenditures in object 542, except for the following exclusions:

\$	0
----	---

Exclude these functions:

1113, 1122 & 1132

1140

1300

1400

Co-curricular Activities

Pre-Kindergarten

Continuing Education

Summer School

Exclude these functions:

4150

2550

3100

3300

Construction

Pupil Transportation

Food Service

Community Services

**Independent Auditor's Report
Required by Oregon State Regulations**

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Education
Three Rivers School District
Murphy, Oregon

We have audited the basic financial statements of Three Rivers School District (the District) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 21, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures but were not limited to the following:

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment under ORS 328.245.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- State School Fund distribution factors and calculation.

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-10-0000 through 162-10-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as disclosed in Note 1 of the financial statements.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

This report is intended solely for the information and use of the District's Board, Management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink, appearing to read "Jeny Grupe". The signature is fluid and cursive, with the first name "Jeny" and last name "Grupe" clearly distinguishable.

Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 21, 2020

Items required by the Uniform Guidance

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Three Rivers School District
Murphy, OR

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Three Rivers School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 21, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE UNIFORM GUIDANCE**

To the Board of Education
Three Rivers School District
Murphy, Oregon

Report on Compliance for Each Major Federal Program

We have audited Three Rivers School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 21, 2020

THREE RIVERS SCHOOL DISTRICT
JOSEPHINE COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2020

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT/CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
TITLE I - Grants to Local Education Agencies			
Title IA	84.010	53385	\$ 2,026,237
Title IA	84.010	50499	405,297
ESSA	84.010	51432	8,513
ESSA	84.010	51470	160,967
ESSA	84.010	51451	18,937
Total CFDA 84.010			<u>2,619,951</u>
Title IA - YCEP	84.013	12371	106,200
Total CFDA 84.013			<u>106,200</u>
TITLE IIA - Improving Teacher Quality State Grants			
Title IIA	84.367	45926	1,577
Title IIA	84.367	53647	280,671
Title IIA	84.367	49424	81,788
Total CFDA 84.367			<u>364,036</u>
School Improvement Grants	84.377	54365	98,258
Total CFDA 84.377			<u>98,258</u>
TITLE IV			
Title IV	84.424	54637	55,744
Title IV	84.424	50840	74,340
Total CFDA 84.424			<u>130,084</u>
Special Education Cluster (IDEA)			
IDEA 619	84.173	54097	11,026
IDEA Part B	84.027	53819	873,233
IDEA Part B	84.027	56766	11,837
IDEA YCEP	84.027	12371	36,900
SPR&I	84.027	49631	319
Total Special Education Cluster (IDEA)			<u>933,315</u>
OTHER FEDERAL PROGRAMS			
21st Century Community Learning	84.287	50940	104,505
21st Century Community Learning	84.287	54276	270,211
Total CFDA 84.287			<u>374,716</u>
Passed Through Southern Oregon State University:			
Gear Up - IV year 5	84.334	N/A	5,124
Gear Up - IV year 6	84.334	N/A	20,799
Total CFDA 84.334			<u>25,923</u>
Passed Through University of Oregon :			
YTP Grant	84.126A	160754	167,676
Total CFDA 84.126			<u>167,676</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>4,820,159</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through State Department of Education:			
Foster Care - Title IV-E	93.658	57273	91,788
Total CFDA 93.658			<u>91,788</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>91,788</u>

**THREE RIVERS SCHOOL DISTRICT
JOSEPHINE COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For The Year Ended June 30, 2020**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT/CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Child Nutrition Cluster			
National School Breakfast Program	10.553	N/A	319,383
National School Lunch Program	10.555	N/A	937,244
Commodities Program	10.555	N/A	191,021
CACFP	10.559	N/A	452,178
Total Child Nutrition Cluster			<u>1,899,826</u>
Child Care	10.558	N/A	105,694
Total CFDA 10.558			<u>105,694</u>
CNP Fresh Fruit & Vegetable Program	10.582	N/A	56,598
Total CFDA 10.582			<u>56,598</u>
Passed Through Josephine County:			
Schools and Roads - Grants to States	10.665	N/A	101,372
Total CFDA 10.665			<u>101,372</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,163,490</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 7,075,437</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Three Rivers School District (the District) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note B - Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2020, the District received food commodities totaling \$191,021.

Note C - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note D - Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note E - Subrecipients

There were no awards passed through to subrecipients.

Note F - School and Roads - Grants to States

The District includes School and Roads - Grants to States in the schedule due to requirements of the Oregon Department of Education. These expenditures are not subject to the Uniform Guidance audit due to treatment based on guidance provided by both the Oregon Department of Education and United States Department of Agriculture.

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2020**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Three Rivers School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weakness in internal controls were disclosed by the audit of the Financial Statements of Three Rivers School District.
3. No instances of noncompliance material to the financial statements of Three Rivers School District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed by the audit.
5. The auditor's report on compliance for the major federal award programs for Three Rivers School District expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as a major program include:

US Department of Education

Title IA	CFDA # 84.010
Child Nutrition Cluster	CFDA # 10.553, 10.555 & 10.559

8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. Three Rivers School District did not qualify as a low-risk auditee under the criteria specified in the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None